

# NEWSLINE

Savings Plus Program

3rd Quarter 2006

## New Fund Structure in 2007

In late 2007, Savings Plus will restructure its lineup to make it easier for you to select investments for your 401(k) or 457 plan. The change will help you focus on choosing among asset classes instead of individual funds. As financial experts will tell you, asset allocation, not individual fund choice, is the key to successful investing.

Refer to the table below to see how we'll structure the choices. For the index and managed fund categories, we'll use a competitive search process to solicit bids from well respected investment managers and award contracts to the most competitive. The final lineup and names of each of the investment managers will be released before we roll out the new lineup.

For an introduction to Index and Managed funds, see last quarter's NewsLine.

Asset Allocation Funds						
Five Lifestyle Funds						
Index Funds (passive management)						
Market Duration Bond	Large Cap	Mid Cap	Small Cap	International		
Managed Funds (active management)						
Stable Value	Market Duration Bond	Large Cap	Socially Responsible	Mid Cap	Small Cap	International
Brokerage (Self Directed Account)						
Schwab Personal Choice Retirement Account (PCRA)						

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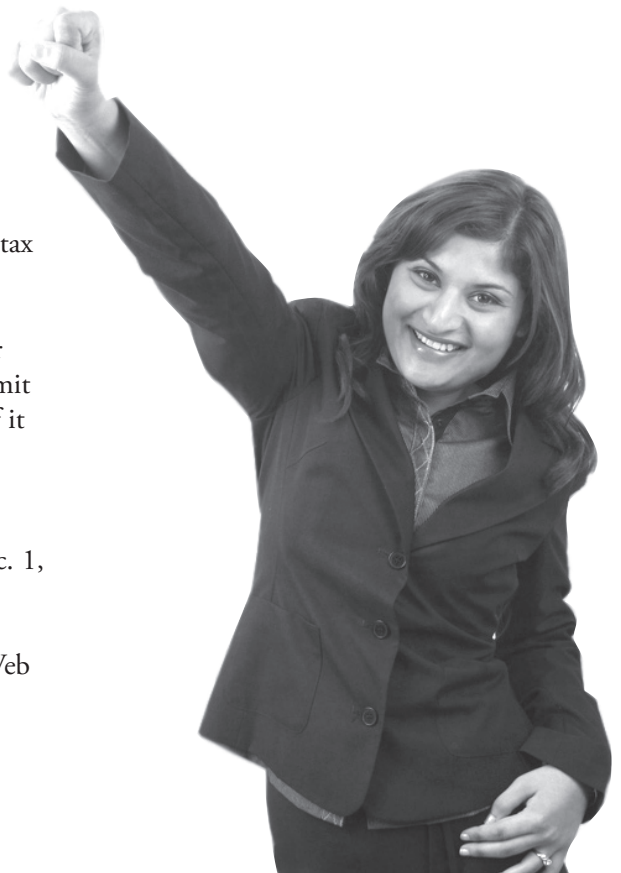
# Invest That Pay Raise

To make the most of your recent pay raise, consider investing it in your SPP account. Remember, money deducted from your paycheck for a 401(k) or 457 account doesn't count as taxable income. Investments in your SPP account also provide the opportunity for tax-deferred growth. Withdrawals are subject to taxation at ordinary income tax rates.

So, if you want to reduce next year's taxable income and increase your investment in retirement, now's the time to plan on raising your SPP contribution. To increase your deferral amount at the start of the 2007 tax year (i.e., Jan. 1), follow this schedule:

- If your Dec. paycheck is dated Jan. 1 (most employees), submit your deferral change between Nov. 1 and Nov. 30 by 1 pm (PT). If you submit it before Nov. 1, it will take effect in the 2006 tax year, which is okay if it doesn't cause you to exceed this year's contribution cap.
- If your Dec. paycheck is dated Dec. 31, submit your deferral change between Dec. 1 and Dec. 29 by 1 pm (PT). If you submit it before Dec. 1, it will take effect in the 2006 tax year.

To submit a deferral change, simply access your account through our Web site ([www.sppforu.com](http://www.sppforu.com)) or use our toll-free automated phone system (1-866-566-4777).



## Custodian Name Change

On Oct. 20, 2006, Bank One Trust Company, N.A. (Bank One), which is the trustee/custodian for assets in Savings Plus Program accounts, officially becomes JPMorgan Chase Bank, N.A. (JP Morgan Chase & Co).

Participant checks made payable to Bank One - such as checks to pay off a 401(k) or 457 loan or to roll over eligible 401(k) or 457 assets into SPP - will still be accepted for the foreseeable future.

SPP will update forms and fact sheets in January 2007.

## Contribution Cap

Although the IRS hasn't yet set the 2007 limits on contributions to 401(k) and 457 plans, it will be at least as much as the 2006 cap: \$15,000 per plan (or \$20,000 per plan if you're 50 or older). Check our Web site in early November, when the IRS announces the 2007 cap.

# Fund Fee Reductions

On October 11, Savings Plus automatically transferred the assets of five investments (see table below) to a lower-cost share class or separate account fund. This change was done based on a fee reduction we negotiated with the fund providers. Lowering your costs can enhance your rate of return.

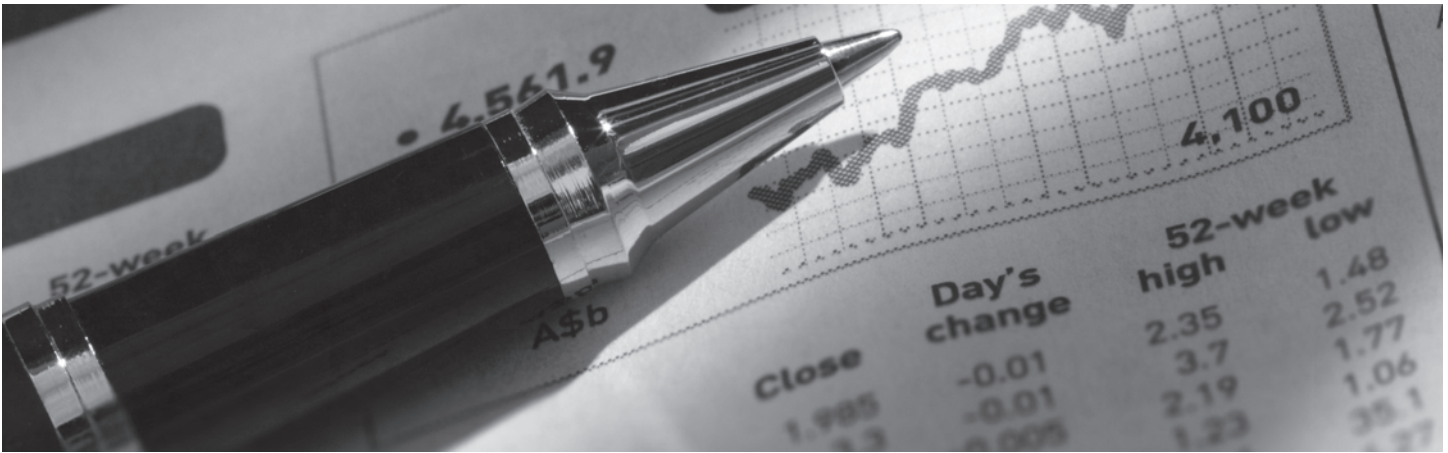
Prior Fund Descriptor	Current expense ratio (%)	New Fund Descriptor	New expense ratio (%)
Growth Fund of America	.66	SPP Large Cap Managed Fund - Growth ((Growth Fund of America (R5 Shares) (new ticker symbol: [7315] RGAFX))	.38
T. Rowe Price Mid Cap Value	.82	SPP Mid Cap Managed Fund - Value (separate account managed by T. Rowe Price) [7316]	.62 to .72
T. Rowe Price Mid Cap Growth	.80	SPP Mid Cap Managed Fund - Growth (separate account managed by T. Rowe Price) [7317]	.62 to .72
JP Morgan Undiscovered Managers Behavioral Value	1.40	SPP Small Cap Managed Fund - Blend (separate account managed by Fuller & Thaler Asset Management, Inc.) [7318]	.82 to 1.02
Philadelphia International	.85	SPP International Managed Fund (separate account managed by Philadelphia International Advisors LP) [7319]	.45 to .55

These five new funds have been given a fund descriptor to clearly identify the asset class each represents. Each of these new funds will be managed (investment strategy, objective, or asset class) similarly to the previously available funds.

If you held assets in any of the affected funds as of 1 pm (PT) Aug. 28, we sent you a letter Sept. 13 providing specifics on the fee savings. A copy of the letter and the new fact sheets and prospectus are available on the Employee Services page of our Web site ([www.sppforu.com](http://www.sppforu.com)).

**Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other information about the investment company. Please read the prospectus carefully before investing or sending money. Investing involves market risk including the possible loss of principal.**

Securities in the Schwab PCRA are offered through Charles Schwab & Co., Inc. (Member SIPC). All other securities offered through Nationwide Investment Services Corporation, member NASD.



# Investment Fund Update

## FUND INVESTIGATIONS

No items to report.

## FUND MANAGER CHANGE

Hartford Small Company HLS Fund - The fund has been managed by Steve Angeli at Wellington Management Company since January 2000. Effective June 12, 2006, the Hartford Small Company HLS Fund employed a dual manager approach through its sub-advisers Wellington Management Company and Hartford Investment Management Company. The lead manager at the Hartford Investment Management Company is Mark Waterhouse.

T. Rowe Price (organizational change) - George A. Roche will retire as chairman and president of T. Rowe Price Group. Mr. Roche will step down during the fourth quarter, when he will be replaced by James A.C. Kennedy, co-director of equities for the firm. Mr. Kennedy becomes president as well as CEO.

## WATCH LIST

## CRITERIA

Hartford Small Company HLS Fund

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\* See Fund Manager Change above (Fund will now be managed by two different teams. This is a change from the previous manner in which the fund was managed).

## WATCH LIST CRITERIA:

### Quantitative Standards

1. (Managed funds) - Fails to outperform market index (benchmark) and manager universe median (peer group) for the preceding 3/5 year periods for four consecutive quarters
2. (Index funds) - Fails to meet the tracking error standards for the preceding 3/5 year periods for four consecutive quarters

### Qualitative Standards

3. Compliance with stated investment guidelines, contract terms, and /or State or federal laws
4. Adherence to stated investment style and philosophy
5. Ownership stability and alignment of interests with investors
6. Retention and attraction of key investment professionals associated with the management of the investment fund
7. Litigation and assessment of impact on future investment performance
8. Disclosure of relevant information that may have an adverse impact on performance



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## How to Reach Us

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